

Minimum Surplus Income Policy

Version 2



1. Introduction

- 1.1 Heylo Housing Group Limited (HHGL) is the immediate parent company of the Group, which includes Heylo Housing Registered Provider Limited (HHRP). Also within the Group are a number of property owning investment vehicles (Pods) which are subsidiaries of HHGL, with HH No. 7 Ltd being a direct subsidiary of HHRP. This policy covers all Group entities, (collectively referred to in this policy as 'Heylo'). The Heylo Group's purpose is to help aspiring homeowners and renters find a place to call home, provide home ownership solutions across England. Heylo currently provides three different Shared Ownership products – Home Reach, Home Reach Flex and Your Home.
- 1.2 All customer facing services to Heylo customers are provided by employees of ResiManagement, a separate, but commonly controlled company.

2. Purpose

- 2.1 The purpose of this policy is to set out the guidelines in offering our shared ownership homes and the expected minimum income requirements in line with regulative guidance.

3. Scope

- 3.1 This policy applies to all applications for shared ownership homes through the Home Reach scheme, both new purchases and resales

4. Principles

- 4.1 The assessment of affordability is carried out by a qualified and regulated mortgage advisor with experience of shared ownership
- 4.2 The assessment is completed in line with the principles of section 6 of the Capital Funding Guide issued by Homes England
- 4.3 The mortgage advisor identifies the appropriate share to be purchased through developing the affordability assessment considering sustainability of income and value for money in the use of government grant supporting the shared ownership purchase
- 4.4 The minimum surplus income is designed to ensure that customers have an appropriate amount of headroom after known outgoings to meet reasonable levels of unexpected expenditure
- 4.5 The appropriate level headroom has been assessed as a proportion of net income after known expenses following discussion with mortgage advisors and has been set at 10%

5. Calculation of Minimum Surplus Income

- 5.1 The minimum surplus income will be calculated using Heylo's budget planner which follows the guidance of the Capital Funding Guide as below:

Step 1 – gross household income (A)

Step 2 – deductions from gross income (B)

Step 3 – known commitments (C)

Step 4 – housing costs (excluding mortgage) (D)

Step 5 – net income remaining for mortgage purposes ($E = A - B - C - D$)

Step 6 – mortgage cost ($F =$ no greater than 30% of E)

Step 7 – other essential expenditure (G)

Step 8 – 10% minimum surplus income ($E - F - G$ must be greater than this)

6. Ownership and Review

- 6.1 The owner of this policy is the Director of Sales
- 6.2 This policy is reviewed when required under the CFG of Homes England by the Director of Sales and Executive Committee.

Version Control

Version	Date	Author	Verifier	Comments
1.0	01/08/2024	Melissa Toomey	Customer Committee	Policy created in line with CFG 2024
2	31/07/2025	Melissa Toomey	Customer Committee	No changes required
Next review due: When further Homes England CFG changes are introduced				



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